

VZCZCXRO4244
PP RUEHFK RUEHKSO RUEHNAG RUEHNH
DE RUEHKO #3180/01 3230104
ZNR UUUUU ZZH
P 180104Z NOV 08
FM AMEMBASSY TOKYO
TO RUEHC/SECSTATE WASHDC PRIORITY 8898
INFO RUEKJCS/SECDEF WASHDC PRIORITY
RHEHAAA/THE WHITE HOUSE WASHINGTON DC PRIORITY
RUEAWJA/USDOJ WASHDC PRIORITY
RULSDMK/USDOT WASHDC PRIORITY
RUCPDOG/USDOC WASHDC PRIORITY
RUEAIIA/CIA WASHDC PRIORITY
RUEKJCS/JOINT STAFF WASHDC//J5//
RHHMUNA/HQ USPACOM HONOLULU HI
RHHMHBA/COMPACFLT PEARL HARBOR HI
RHMFIUU/HQ PACAF HICKAM AFB HI//CC/PA//
RHMFIUU/USFJ //J5/JO21//
RUYNAAAC/COMNAVFORJAPAN YOKOSUKA JA
RUAYJAA/CTF 72
RUEHNH/AMCONSUL NAHA 3399
RUEHFK/AMCONSUL FUKUOKA 1040
RUEHOK/AMCONSUL OSAKA KOBE 4828
RUEHNAG/AMCONSUL NAGOYA 9060
RUEHKSO/AMCONSUL SAPPORO 1609
RUEHBJ/AMEMBASSY BEIJING 6453
RUEHUL/AMEMBASSY SEOUL 2449
RUCNDT/USMISSION USUN NEW YORK 2595

UNCLAS SECTION 01 OF 08 TOKYO 003180

SIPDIS

DEPT FOR E, P, EB, EAP/J, EAP/P, EAP/PD, PA;
WHITE HOUSE/NSC/NEC; JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION;
TREASURY/OASIA/IMI/JAPAN; DEPT PASS USTR/PUBLIC AFFAIRS OFFICE;
SECDEF FOR JCS-J-5/JAPAN,
DASD/ISA/EAPR/JAPAN; DEPT PASS ELECTRONICALLY TO USDA
FAS/ITP FOR SCHROETER; PACOM HONOLULU FOR PUBLIC DIPLOMACY ADVISOR;
CINCPAC FLT/PA/ COMNAVFORJAPAN/PA.

E.O. 12958: N/A

TAGS: [OIIP](#) [KMDR](#) [KPAO](#) [PGOV](#) [PINR](#) [ECON](#) [ELAB](#) [JA](#)

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 11/19/08

Index:

Defense and security affairs:

- 1) Prime Minister Aso says he is considering an anti-piracy role for Maritime Self-Defense Force (Yomiuri)
- 2) Special measures law being considered that would allow dispatch of MSDF to waters off Somalia to protect commercial ships from pirates (Nikkei)

Diet agenda:

- 3) Diet session likely to be extended to allow passage of the bill that extends the MSDF refueling mission in the Indian Ocean (Mainichi)
- 4) 25-day extension being considered for the current extraordinary session of the Diet (Tokyo Shimbun)
- 5) Democratic Party of Japan (DPJ) breaks promise to allow passage of the refueling mission bill during the current Diet session (Nikkei)
- 6) Second supplementary budget to be presented to the next regular Diet session, not the current on, says Diet Affairs Committee chair (Sankei)

Aso diplomacy:

- 7) Prime minister's policy course for next fiscal year aims at strengthening diplomacy, security (Sankei)
- 8) Aso gives up on possibility of meeting President-elect Obama prior to inauguration (Nikkei)
- 9) Aso's plan to hold the next G-20 meeting in Japan is shipwrecked (Tokyo Shimbun)
- 10) High-level economic meeting between Japan and China is postponed (Nikkei)

11) Reporter's notebook: Is America removing the yoke of 9/11?
(Mainichi)

12) With tax revenues down 6 trillion yen due to the recession,
government to increase issuance of deficit bonds to cover the gap
(Mainichi)

Articles:

1) Aso eyes MSDF dispatch for antipiracy mission

YOMIURI (Page 4) (Abridged)
November 19, 2008

Prime Minister Aso met with Masahiro Akiyama, a former vice defense minister and chairman of the Ocean Policy Research Foundation (OPRF), and others at his office yesterday and indicated that he would consider proposals from the OPRF and other bodies insisting on the necessity of sending Maritime Self-Defense Force ships for antipiracy operations in waters off the coast of Somalia in Africa.

In the government, the Headquarters for Ocean Policy is now studying antipiracy measures, including the option of sending the Self-Defense Forces. However, the government also deems it difficult to send the SDF under the current law. "The SDF is to be engaged in maritime security operations for emergencies like when Japanese ships come under attack," a senior official of the Defense Ministry said, "and it's difficult to engage the SDF in maritime security operations for antipiracy operations for a long period of time."

TOKYO 00003180 002 OF 008

In the meeting, Akiyama handed a report of policy proposals to the prime minister, featuring such options as sending Maritime Self-Defense Force vessels for fact-finding purposes to provide information to foreign naval vessels about pirates and issuing an order for maritime security operations under the Self-Defense Forces Law if and when there was an act of piracy. Akiyama's proposal is to send the SDF under the current law. In the meeting with the prime minister were former Defense Agency Director General Gen Nakatani from the ruling Liberal Democratic Party and Akihisa Nagashima, deputy secretary general of the leading opposition Democratic Party of Japan (Minshuto), who are members of a nonpartisan parliamentary group of young lawmakers to establish a security system for the new century.

2) Gov't mulls special law for MSDF antipiracy mission off Somalia

NIKKEI (Page 1) (Abridged)
November 19, 2008

The government is considering special legislative measures to send Maritime Self-Defense Force vessels to waters off the coast of Somalia in order to guard commercial freighters against pirates. The MSDF's antipiracy operations would be limited to offshore areas near the Somalia coast. The MSDF would guard not only Japanese commercial ships but also foreign ships. The government will decide whether to present a bill to the Diet at its next ordinary session after seeing the attitude of the leading opposition Democratic Party of Japan (Minshuto). The planned legislation will likely be controversial due to such issues as the rules of engagement (ROE) or guidelines for the MSDF to use weapons.

In addition to special legislation, the government is also looking into the feasibility of creating a general law allowing Japan to engage the MSDF in activities anywhere in international waters. Since coordination will take time, the government will likely present a special measures bill to the ordinary Diet session to fast-track it.

The planned special antipiracy legislation is intended to engage the Self-Defense Forces in such activities as escorting tankers and other commercial ships off the coast of Somalia. The MSDF, when spotting pirate ships, will halt them in order to prevent commercial ships from being attacked. MSDF vessels, if and when they came under attack from pirate ships, will use armed force that is needed for

legitimate self-defense. The government is also considering the option of dispatching P-3C patrol aircraft for over-the-water surveillance.

There is also a plan to detain and prosecute pirates in Japan. However, the government will not incorporate this option in the planned special measures law. Instead, the government is considering incorporating it in a general law. MSDF destroyers dispatched under the special measures law will ask foreign naval vessels to crack down on pirates when spotting them.

3) Diet extension until around Dec. 22 likely for refueling bill

MAINICHI (Page 1) (Full)
November 19, 2008

The government and the ruling parties decided yesterday to extend the current extraordinary Diet session, which is set to end Nov. 30,

TOKYO 00003180 003 OF 008

in order to pass a government-introduced bill amending the new Antiterrorism Special Measures Law to extend the Maritime Self-Defense Force's refueling activities in the Indian Ocean. It is Dec. 20 when the bill can be passed by a majority of two-thirds or more in a second vote of the House of Representatives as stipulated in the Constitution. The day is weekend, so the ruling parties are likely to extend the Diet session until around Dec. 22.

Meanwhile, the leading opposition Democratic Party of Japan (Minshuto) decided yesterday not to take a vote on the new antiterror legislation and a financial bill unless the government presents a second supplementary budget for fiscal 2008 to the Diet. An extraordinary Diet session can be extended twice, so the government and the ruling parties are also looking into the possibility of reextending the current extra Diet session until early January next year while seeing the DPJ's attitude toward the financial bill.

4) Diet session to be extended; Government, ruling camp to coordinate views on extending it for 25 days

TOKYO SHIMBUN (Page 1) (Abridged slightly)
November 19, 2008

The government and the ruling coalition decided yesterday to extend the current extraordinary Diet session beyond its Nov. 30 ending. The primary purpose is to enact the bill amending the New Antiterrorism Special Measures Law to extend the refueling mission in the Indian Ocean, now under deliberation at the House of Councillors, by a House of Representatives' overriding vote. They will coordinate views on extending the session for about 25 days and make a final decision while closely monitoring the major opposition Democratic Party of Japan's response.

The decision to extend the session follows the DPJ's adoption of a policy course of refusing to take votes on bills amending the refueling law and the bank strengthening law at the Upper House unless the government presents a fiscal 2008 second supplementary budget. Prime Minister Taro Aso told reporters at his residential office last night: "These are extremely important bills. We naturally must deal with them properly by extending (the session), depending on how the other side moves."

Even if the Upper House does not take a vote, the Lower House is allowed under the Constitution to readopt the refueling legislation by an overriding vote 60 days later by regarding the upper chamber's inaction as de facto rejection. The vote would come on Dec. 20 at the earliest.

There is a view in the government and the ruling bloc that the session should be extended until Jan. 5 or later so that in case the DPJ refuses take a vote, the ruling camp would be able to use a two-thirds overriding vote in the Lower House to get the financial institutions strengthening legislation enacted at the same time under the 60-day rule. Moreover, because an extra Diet session can be extended twice, some are also calling for extending the session

until late December and re-extending it later on.

5) DPJ breaks off agreement on vote on refueling bill, evoking objections from even party members

NIKKEI (Page 2) (Full)

TOKYO 00003180 004 OF 008

November 19, 2008

The Democratic Party of Japan (DPJ) boycotted a planned vote on a bill to extend the Maritime Self-Defense Force's refueling mission in the Indian Ocean in a meeting of the House of Councillors' Foreign Affairs and Defense Committee yesterday. The main opposition party's attitude reflects its strong reaction to the fact that the Prime Minister Taro Aso did not promise in a meeting with DPJ President Ichiro Ozawa to submit a second extra budget bill to the current Diet session. In the DPJ, however, dissatisfaction is smoldering at the party's breach of an agreement reached with the ruling camp in an executive board meeting. In the party, the Upper and lower House caucuses have made different responses.

A member of the DPJ Upper House Secretariat said that since an agreement at the executive board is unofficial, it is not rare for an agreement there to be overridden. But another member grumbled: "Agreements between the ruling and opposition parties could be broken off anytime." In a meeting of the Diet Affairs Committee chairmen of opposition parties yesterday, the Japanese Communist Party and the Social Democratic Party voiced criticism of the DPJ's strategy, one member assailed: "It is irrational to involve the second extra budget in its strategy."

According to senior members in the ruling and opposition camps, Ozawa indicated in his meeting with Prime Minister Aso that the party would boycott all deliberations. Although the Upper House cancelled all committee meetings yesterday, the Lower House carried out deliberations. Complaining that the Lower House will not take the blame, the Upper House has decided to resume deliberations today.

6) LDP Diet Affairs Committee chairman: Second extra budget bill should be submitted to ordinary Diet session

SANKEI (Page 5) (Full)

November 19, 2008

In meeting with Executive Council Chairman Takashi Sasagawa and others in the Diet Building yesterday, Liberal Democratic Party's Diet Affairs Committee Chairman Tadamori Oshima indicated that the government should convene an ordinary Diet session in early January and submit to the session a second supplementary budget bill for fiscal 2008 to finance the government's additional economic measures: "It would be better to open the next ordinary Diet session early and submit the extra budget bill (with budget-related bills) in a package." A senior member of the New Komeito Diet Affairs Committee also expressed a similar view the same day.

7) Prime minister plans to strengthen diplomacy and sense of security in compiling fiscal 2009 budget

SANKEI (Page 5) (Abridged slightly)

November 19, 2008

Prime Minister Taro Aso, calling Finance Minister and Financial Services Minister Shoichi Nakagawa, Economic and Fiscal Policy Minister Kaoru Yosano, and Internal Affairs and Communications Minister Kunio Hatoyama to his office last evening, informed them of his policy approaches to the compilation of the fiscal 2009 state budget and the organization of civil servants and their management.

TOKYO 00003180 005 OF 008

Regarding the management of civil servants, the prime minister ordered them to increase personnel for agencies connected with the

public's sense of reassurance, such as the planned Consumer Affairs Agency, as well as public safety and quarantine. He focused on the diplomatic area, including embassies, as well.

After the meeting, Internal Affairs and Communications Minister Hatoyama revealed to reporters a plan to consider increasing the official development assistance (ODA) budget, saying: "The ODA budget has been reduced too much."

In compiling the state budget, the prime minister pointed out the following as top priorities: (1) implementation of additional economic stimulus measures centering on local areas; (2) promotion of the strategic international cooperation initiative with financial crisis measures in mind; and 3) spending cuts and the promotion of bold reform. The prime minister also indicated that he would issue an additional order independently regarding the allocation of the 330 billion-yen framework for promoting priority items.

8) Aso gives up on meeting with Obama after APEC summit

NIKKEI (Page 2) (Full)
November 19, 2008

The government planned to arrange a meeting between Prime Minister Taro Aso and President-elect Barack Obama after the Asia-Pacific Economic Cooperation (APEC) summit scheduled for Nov. 22-23 in Lima, Peru, but it decided yesterday to give up on the plan. The prime minister will make a stopover in the U.S. for the government plane to be refueled on his way back to Japan. The government hoped to arrange a meeting on that occasion. But a government source said: "There will not be a meeting because we have received no communication from the other side." The government will continue to seek an opportunity for an early meeting.

9) Japan's bid to host next round of financial summit threatened with surfacing of Britain, next G-20 chair, as strong rival

TOKYO SHIMBUN (Page 2) (Full)
November 19, 2008

Prime Minister Aso is eager to host the second G-20 emergency financial summit. However, Japan's bid is now under a dark cloud, because Britain has surfaced as a strong rival.

The prime minister while in Washington, where the first round of the financial summit was held, made a remark, "Japan is appropriate as a venue for the next financial summit." His thinking was that Japan, as the chair of the G-8 this year, could display leadership as a mediator between industrialized and emerging countries -- the reason being so that he could use the achievement to buoy up his administration's sagging popularity. He had thought that since Japan gave in to the U.S. regarding the venue for the first meeting, it would be easy for Japan to obtain understanding from various countries about its hosting the second G-20 summit.

However, after the end of the first round, French President Sarkozy said, "Britain is a strong candidate for hosting the next meeting." The remark has cast a pall over Japan's bid. Twenty countries (G-20) -- G-8 plus emerging countries -- took part in the financial summit. Britain will chair the G-20 next year. Sarkozy's proposal is based

TOKYO 00003180 006 OF 008

on the thought that since the next financial summit will be held before April 30, Britain is the appropriate place to hold it.

Finance Minister Shoichi Nakagawa rebutted Sarkozy's remark, saying, "Nothing has been set yet." However, a growing view in the government is that the situation is disadvantageous to Japan.

The prime minister made a Diet reply at a plenary session of the Lower House on November 18, "I would like to promote cooperation with related countries, including where and when to hold the next round of the summit." This gave the impression that he has stepped back from his position.

10) High-level Japan-China economic talks this year to be postponed

NIKKEI (Page 2) (Full)
November 19, 2008

Major economic ministers from the governments of Japan and China planned to hold talks in December, but both sides have decided to give up on talks this year, according to government sources yesterday. The high-level talks, originally scheduled for late November, were rearranged to take place in early December. The Chinese government made the request for the postponement, citing the cabinet ministers' schedules as the main reason. But its desire to give priority to implementing economic stimulus measures worth 4 trillion won (approximately 57 trillion yen) also seems to be behind the request.

The two governments hope to bring about the high-level talks at an early date, so they will start coordination, eyeing early next year.

11) Yoke of 9/11

MAINICHI (Page 5) (Abridged slightly)
November 19, 2008

Takeshi Yamashina

At the U.S. Embassy on the morning of Nov. 5, the U.S. presidential election day, I had an opportunity to talk to Victoria Becker (TN: phonetic), who works at a multinational corporation in Tokyo. "America's image has been damaged by the Iraq war," she said. She also indicated that during her travel to France and Italy after the opening of the Iraq war, some local people showed hatred toward her when they learned she was American. One even pointed at her with his fingers like a pistol. Ms. Becker added: "I became depressed because I like those countries. We should select a president who can lead the United States in a new, positive direction. Senator Obama is the appropriate choice."

In the wake of the 9/11 terrorist attacks, the Bush administration focused its attention on waging a "war on terror" that led to wars in Afghanistan and Iraq. That policy course has ended up with Washington neglecting other issues in the foreign policy and economic areas.

Japan, too, has taken part in the war on terror in the form of sending Ground Self-Defense Force troops to Iraq and refueling foreign naval vessels in the Indian Ocean. At one point, the issue of resuming U.S. beef imports in the wake of the outbreak of BSE

TOKYO 00003180 007 OF 008

could have resulted in friction between Japan and the United States. But Washington did not exhibit a hard-line stance.

Former diplomat and Ritsumeikan University visiting professor Kunihiro Miyake noted: "Over the last eight years, America has paid little attention to Japan and Asia, and some ugly aspects of the Japan-U.S. relationship have been left to fester. The question is if that was really good. Policy toward Japan will change in the future, and diplomatic pressure will grow." Promising change, President-elect Barack Obama has released the United States from the yoke of 9/11. Change can be expected to occur in U.S. policy toward Japan, as well.

12) More deficit-covering government bonds to be issued due to 6 trillion yen drop in estimated tax revenues

MAINICHI (Page 1) (Full)
November 19, 2008

Mainichi Shimbun learned on November 18 that general-account tax revenues for fiscal 2008 will drop more than 6 trillion yen from the originally estimated amount of 53.5 trillion yen. The major reason of the shortfall is a significant decline in corporate tax revenues, a main contributor to tax revenues, in the wake of a substantial slip in corporate performances resulting from the economic slump at home and abroad. The Finance Ministry intends to make up for the

shortfall in tax revenues by increasing the issuance of deficit-covering government bonds. The decision will be incorporated into the fiscal 2008 supplementary budget bill now being drafted.

This would be the first time in about six years -- fiscal 2002 -- when the country suffered serious deflation, for the government to issue deficit bonds in the middle of the fiscal year. There is concern, though, that state finances will worsen, when expenditures are increased for such reasons as the adoption of the flat-sum cash benefit program totaling 2 trillion yen, following the government's additional economic stimulus package.

Chances are that the value of newly issued government bonds, including construction bonds, in fiscal 2008 will reach the 30 trillion yen level for the first time in three years, largely exceeding the projection made at the stage of the initial budget (25.3 trillion yen). It now appears difficult for the government to achieve the goal of moving the primary balance into the black by fiscal 2011.

Based on the economic conditions as of the end of last year, the Finance Ministry had estimated tax revenues for fiscal 2008 at 53.554 trillion yen at the stage of compiling the initial budget. However, the financial crisis originating in the U.S. has become serious since early this year. As a result, the actual tax revenues for fiscal 2007, which serve as a premise for a projection for fiscal 2008 tax revenues, fell below the government's estimate by approximately 1.5 trillion yen. Since corporate performances are further deteriorating in fiscal 2008, the Finance Ministry will likely revise down the estimate for tax revenues to around 47 trillion yen, down over 6 trillion yen from the projection made when the initial budget was compiled.

Following an estimate for a substantial fall in tax revenues, the Finance Ministry will revise down a projection for tax revenues, coinciding with the compilation of the second supplementary budget.

TOKYO 00003180 008 OF 008

A drop in tax revenues appears unavoidable in the future as well because of the possibility of the domestic economy growing at a negative rate in fiscal 2008 and 2009.

SCHIEFFER